



COUNCIL OF
THE EUROPEAN UNION



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13159/11
PRESSE 258

Council calls for a tight 2012 EU budget

The Council adopted¹ today² its position for the 2012 EU budget, limiting the increase in payments in it to 2.02% compared to 2011 ([12312/11](#) + [ADD 1](#) + [ADD 2](#) + [ADD 3](#) + [12313/11](#) + [ADD 1](#) + [ADD 2](#) + [ADD 3](#)). The payments rise advocated by the Council corresponds almost exactly to the inflation rate of 2% forecast by the Commission for the EU in 2012³, which means that in real terms the Council's position would lead to a EU budget freeze.

The Council's position takes due account of the member states' fiscal consolidation efforts whilst allowing the financing of the EU priorities (such as the measures aimed at tackling the effects of the crisis and at promoting growth).

In absolute figures, the Council's position for the budget 2012 amounts to

- **EUR 129.088 billion in payments**, corresponding to 0.98% of the EU's Gross National Income (GNI), and
- **EUR 146.245 billion in commitments**, leaving a margin of EUR 2.14 billion under the total ceiling of the current financial framework.

¹ The Austrian, Danish, Finish, Dutch, Swedish and UK delegations voted against.

² The decision was taken by written procedure.

³ http://ec.europa.eu/economy_finance/publications/european_economy/2011/pdf/ee-2011-1_en.pdf, page 17

P R E S S

Compared to the amounts proposed by the Commission, the Council decreased the payments by a total of EUR 3.65 billion and the commitments by EUR 1.59 billion. The reductions are targeted at individual budget lines which have been chosen after a thorough examination of the budget implementation in recent years and using realistic absorption capacities. The Council made a special effort as regards EU administrative spending by limiting its increase to 0.5% in payments and 0.4% in commitments compared to 2011. The Council cut its own administrative budget by 5.45% compared to the current financial year.

The Council's position serves as a mandate to the Polish presidency to negotiate next year's EU budget with the European Parliament, which is expected to adopt its position at the end of October. If the Council's and the Parliament's positions diverge, a three-week conciliation process will start on 1 November (*see flow-chart in the annex*).

The Council approved statements on payment appropriations, the International Thermonuclear Experimental Reactor (ITER) and administrative expenditure (*see annex*).

A summary of the Council's position is set out in the table below:

(in EUR)

Heading	Council position		Difference from DB 2012 (amount)		Difference from budget 2011 (AB 1 included) (%)	
	c/a	p/a	c/a	p/a	c/a	p/a
1. SUSTAINABLE GROWTH						
1a. Competitiveness for growth and employment	14 027 701 606	11 434 134 008	-695 899 146	-1 082 000 000	+7.7	-1.3
European Globalisation Adjustment Fund	500 000 000	0	0	-50 000 000	0.0	-100.0
Total 1a margin	14 527 701 606 175 298 394	11 434 134 008	-695 899 146	-1 132 000 000	+7.4	-1.7
1b. Cohesion for growth and employment	52 738 876 141	43 835 523 362	0	-1 299 276 638	+3.4	+5.2
margin	22 123 859					
Total 1 (EGF included) margin	67 266 577 747 197 422 253	55 269 657 370	-695 899 146	-2 431 276 638	+4.3	+3.7
2. PRESERVATION AND MANAGEMENT OF NATURAL RESOURCES	59 612 844 916	57 161 869 007	-545 598 389	-786 507 974	+1.6	+1.4
margin	1 197 155 084					
of which market related expenditure and direct aids	43 644 202 305	43 535 302 025	-535 535 000	-567 535 000	+1,8	+1,7
margin	1 065 987 695					
3. CITIZENSHIP, FREEDOM, SECURITY AND JUSTICE						
3a. Freedom, security and justice	1 284 729 471	824 078 421	-55 651 529	-44 255 079	+12.8	+1.3
margin	121 270 529					
3b. Citizenship	667 920 000	631 131 400	-15 551 000	-14 528 000	-22.6	-2.5
margin	31 080 000					
Total 3 margin	1 952 649 471 152 350 529	1 455 209 821	-71 202 529	-58 783 079	-2.5	-0.4
4. THE EU AS A GLOBAL PLAYER	8 946 769 936	6 993 352 544	-203 573 640	-190 371 789	+5.2	-2.0
Emergency Aid Reserve	258 937 000	0	0	-110 000 000	+2.0	-100.0
Total 4 margin	9 205 706 936 50 230 064	6 993 352 544	-203 573 640	-300 371 789	+5.1	-3.4
5. ADMINISTRATION	8 207 559 206	8 207 954 206	-73 730 160	-73 730 160	+0.4	+0.5
margin	546 440 794					
GENERAL TOTAL margin	146 245 338 276 2 143 598 724	129 088 042 948	-1 590 003 864	-3 650 669 640	+2.9	+2.02
Appropriations as a % of GNI:		0.98				

More details on the Council's position and the reductions approved on the draft budget (DB) proposed by the Commission:

1. Sustainable growth (heading 1 of the financial framework)

(a) Competitiveness for growth and employment (sub-heading 1a)

With regard to **commitment appropriations**, the Council agreed to:

- reduce the amount requested in the DB by a total of EUR 695.90 million;
- decrease the appropriations for a number of specific budget lines under this heading, comprising EUR 45.90 million from the approach followed for administrative expenditure (see comments on heading 5); the remaining reduction of EUR 650 million is linked to the possible revision of the multiannual financial framework for ITER;
- create a new budget line for the European year for active ageing and intergenerational solidarity;
- cut the subsidies for decentralised agencies by EUR 15.52 million;
- leave a margin of EUR 175.30 million.

With regard to **payment appropriations**, the Council targeted a **total** reduction of EUR 1.13 billion in the amounts requested in the DB comprising EUR 99.46 million in the field of competitiveness, EUR 101.99 million in the field of transport, EUR 563.22 million in the field of research, EUR 86 million in the field of education and training, EUR 147 million on budget lines related to the European economic recovery plan, EUR 50 million on the budget line for the European Globalisation Adjustment Fund, EUR 17.84 million for decentralised agencies and EUR 84.33 million on various other budget lines.

(b) Cohesion for growth and employment (sub-heading 1b)

The Council accepted the DB as regards **commitment appropriations**; the margin amounts to EUR 22.12 million.

Concerning **payment appropriations**, the Council reduced the amounts requested in the DB by a **total** of EUR 1 299 million, resulting in an increase of 5.2 % compared to 2011. The reductions are concentrated in the field of the European Regional Development Fund (EUR 706 million), the European Social Fund (EUR 394 million) and the Cohesion Fund (EUR 199 million).

2) **Preservation and management of natural resources** (heading 2)

With regard to **commitment appropriations**, the Council agreed to:

- reduce the amounts requested in the DB by a total of EUR 545.60 million, comprising EUR 197.94 million in the field of agriculture, EUR 337.60 million on the budget line for clearance of accounts, EUR 1.46 million on the subsidies for decentralised agencies and EUR 10.06 million on various other budget lines;
- leave a margin of EUR 1.197 billion.
- Concerning payment appropriations, the Council agreed to reduce the amount in the DB by a total of EUR 786.51 million, comprising EUR 229.93 million in the field of agriculture, EUR 337.60 million on the budget line for clearance of accounts, EUR 140 million in the field of rural development, EUR 46.50 million in the field of the European Fisheries Fund, EUR 2.67 million on subsidies for decentralised agencies and EUR 32.48 million on various other budget lines; these amounts may be reviewed in the light of the autumn letter of amendment.

3) **Citizenship, freedom, security and justice** (heading 3)

(a) **Freedom, security and justice** (sub-heading 3a)

Concerning **commitment appropriations**, the Council agreed to:

- reduce the amounts of the DB by a total of EUR 55.65 million of which EUR 11.55 million on the subsidies for decentralised agencies;
- leave a margin of EUR 121.27 million.

With regard to **payment appropriations**, the Council targeted a **total** reduction of EUR 44.26 million on a number of budget lines, including EUR 12.73 million on the subsidies for decentralised agencies.

(b) **Citizenship** (sub-heading 3b)

With regard to **commitment appropriations**, the Council agreed to:

- decrease by a total of EUR 15.55 million the appropriations requested in the DB in respect of a number of specific budget lines, including a cut of EUR 9.48 million on the subsidies for the decentralised agencies;
- leaving a margin of EUR 31.08 million.

- Concerning payment appropriations, the Council reduced the total amount by EUR 14.53 million in a targeted manner over a series of budget lines, including EUR 6.46 million on the subsidies for decentralised agencies.

4) The EU as a global player (heading 4)

The Council accepted letter of amendment no 1 for 2012 providing for an increase of EUR 400 million in commitments to support additional measures in the EU neighbourhood region. This amount is financed by redeployments of EUR 205 million and the rest through the margin of heading 4.

With regard to **commitment appropriations**, the Council agreed to:

- reduce the amounts in the DB by a total of EUR 203.57 million on a number of specific budget lines;
- reduce the subsidies for decentralised agencies by EUR 0.28 million;
- leave a margin of EUR 50.23 million to cover additional needs at later stage.
- Concerning payment appropriations, the Council agreed to reduce the amounts in the DB by a total of EUR 300.37 million, comprising on the one hand EUR 190.37 million in a targeted manner over a series of budget lines, including EUR 0.40 million on the subsidies for decentralised agencies, and on the other hand by not retaining the amount proposed in the DB of EUR 110 million for the Emergency Aid Reserve.

5) Administration (heading 5)

The Council kept under strict control the volume of the EU institutions' administrative expenditure, in line with the approach followed by the member states for their national civil services. It set the administrative budget of each institution at the appropriate level, taking into account their specificities and real and justified needs. It undertook targeted cuts for all the institutions except the European Parliament for which, in accordance with the "gentlemen's agreement", it approved the estimate as it stood. The Council did not accept any new post requested by the institutions with the exception of some of the posts requested by the European External Action Service which is a new institution. Compared to the DB proposed by the Commission the cuts approved by the Council amount in total to EUR 73.73 million in commitments and payments. This leaves a margin of EUR 546.44 million in heading 5.

A summary of the Council's position on heading 5 is set out in the table below:

SUMMARY TABLE: ADMINISTRATIVE EXPENDITURE					
Institution	Budget 2011 (AB 1/2011 incl.)	DB 2012 (LA 1/2012 incl.)	2012/2011 %	Council position	2012/2011 %
Section I - European Parliament	1 685 829 393	1 724 575 043	+2.30	1 724 575 043	+2.30
Section II - European Council and Council	563 262 600	538 545 000	-4.39	532 545 000	-5.45
Section III - Commission	4 742 995 490	4 796 258 814	+1.12	4 763 209 314	+0.43
<i>Commission</i>	<i>3 016 466 499</i>	<i>3 015 814 304</i>	<i>-0.02</i>	<i>2 986 730 304</i>	<i>-0.99</i>
<i>OP</i>	<i>84 373 000</i>	<i>82 626 750</i>	<i>-2.07</i>	<i>80 670 750</i>	<i>-4.39</i>
<i>OLAF</i>	<i>58 249 000</i>	<i>57 392 000</i>	<i>-1.47</i>	<i>56 737 000</i>	<i>-2.60</i>
<i>EPSO</i>	<i>26 776 000</i>	<i>28 228 750</i>	<i>+5.43</i>	<i>27 720 750</i>	<i>+3.53</i>
<i>PMO</i>	<i>35 102 000</i>	<i>35 879 000</i>	<i>+2.21</i>	<i>35 879 000</i>	<i>+2.21</i>
<i>OIB</i>	<i>68 880 000</i>	<i>69 711 000</i>	<i>+1.21</i>	<i>69 711 000</i>	<i>+1.21</i>
<i>OIL</i>	<i>25 072 000</i>	<i>25 266 000</i>	<i>+0.77</i>	<i>25 104 500</i>	<i>+0.13</i>
<i>European Schools</i>	<i>166 462 991</i>	<i>169 226 010</i>	<i>+1.66</i>	<i>168 541 010</i>	<i>+1.25</i>
<i>Pensions (all institutions)</i>	<i>1 261 614 000</i>	<i>1 312 115 000</i>	<i>+ 4.00</i>	<i>1 312 115 000</i>	<i>+4.00</i>
Section IV - Court of Justice	341 229 998	353 718 000	+3.66	342 838 000	+0.47
Section V - Court of Auditors	144 330 944	143 240 500	-0.76	141 165 901	-2.19
Section VI - European Economic and Social Committee	128 573 837	130 499 922	+1.50	127 900 345	-0.52
Section VII - Committee of the Regions	84 080 903	86 524 132	+2.91	84 046 820	-0.04
Section VIII - European Ombudsman	9 427 395	9 472 000	+0.47	9 283 000	-1.53
Section IX - European Data Protection Supervisor	7 564 137	7 639 826	+1.00	7 461 654	-1.35
Section X - European External Action Service	464 104 592	490 816 129	+5.76	474 534 129	+2.25
Total without European Parliament	6 485 569 896	6 556 714 323	+1.10	6 482 984 163	-0.04
Total without Pensions, European Schools and European Parliament	5 057 492 905	5 075 373 313	+0.35	5 002 328 153	-1.09
TOTAL	8 171 399 289	8 281 289 366	+1.34	8 207 559 206	+0.44
MFV ceiling		8 754 000 000		8 754 000 000	
<i>Margin</i>		<i>472 710 634</i>		<i>546 440 794</i>	

ANNEX

COUNCIL DECLARATIONS

Payment appropriations

"The Council asks the Commission to submit a draft amending budget if the payment appropriations entered in the 2012 budget are insufficient to cover expenditure under sub-heading 1a (Competitiveness for growth and employment), sub-heading 1b (Cohesion for growth and employment), heading 2 (Preservation and management of natural resources) and heading 4 (EU as a global player).

It urges the Commission to present by the end of September 2012 at the latest updated figures concerning the state of affairs and estimates regarding payment appropriations under sub-heading 1b and, if necessary, to present a draft amending budget for this sole purpose.

The Council will take position on the draft amending budget as quickly as possible in order to avoid any shortfall in payment appropriations."

ITER

"The Council has not included in its position on the draft budget for 2012 the proposed additional financing for the ITER project based on a possible revision of the multiannual financial framework 2007-2013 (MFF), pending the end of the agricultural year for 2011 and new information on implementation rates.

The Council will re-examine the situation after the end of the agricultural year for 2011, in view of deciding on the sources and scale of additional financing. The Council invites the Commission, in cooperation with F4E, to present by 15 October 2011 reports on the progress achieved in implementing the cost containment and savings plan and on the performance and management of the European Joint Undertaking for ITER and the Development of Fusion Energy and the ITER project, and on the fulfilment of the scheduled activities within the annual budget.

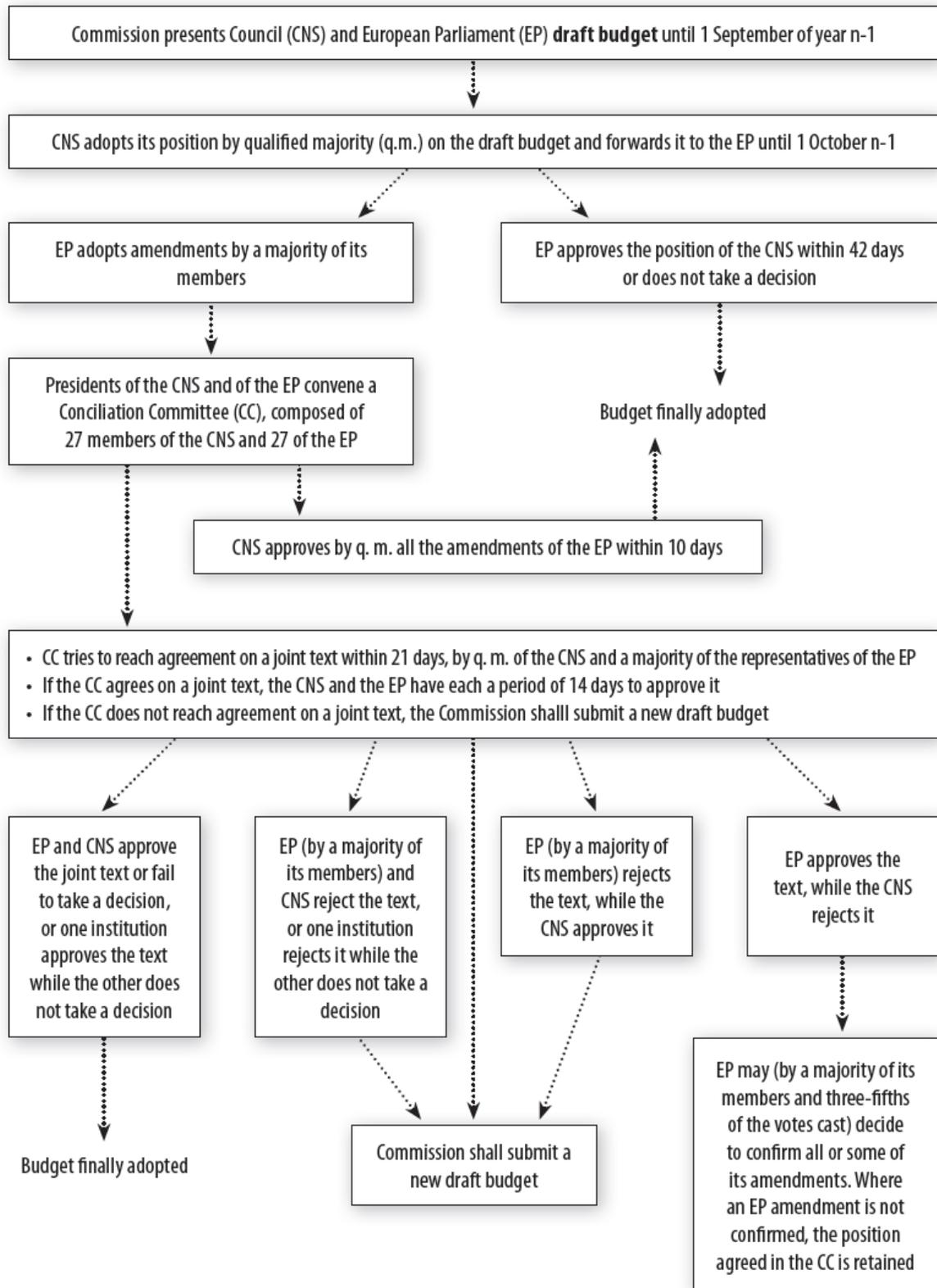
The Council recalls its conclusions of July 2010, whereby additional resources should be based primarily on redeployment within sub-heading 1a of the MFF."

Administrative expenditure

"The Council underlines the importance of securing best value for money in administrative expenditure and of increasing administrative efficiency in order to optimise the use of limited resources given the rigorous fiscal consolidation Member States are undertaking.

It reiterates the importance of keeping administrative expenditure under firm control, notably by enhancing interinstitutional cooperation, and to provide financing only for the real needs. Therefore, the Council invites all institutions and bodies to contribute in achieving these objectives."

Budget procedure Lisbon Treaty (Art. 314)



CC = Conciliation Committee

CNS = Council

EP = European Parliament

q.m. = qualified majority